

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7721

BILL NUMBER: HB 2026

DATE PREPARED: Jan 10, 2001

BILL AMENDED:

SUBJECT: Fair pricing for prescription drugs.

FISCAL ANALYST: Kathy Norris

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FUNDS AFFECTED:

**GENERAL
DEDICATED
FEDERAL**

IMPACT: Pending

Summary of Legislation: Establishes the Rx program to provide discounted prescription drug prices to uninsured residents of Indiana. Requires the state department of health to submit an annual report to the legislative council on the enrollment and financial status of the Rx program before January 1 of each year. Requires a drug manufacturer or labeler that sells prescription drugs in Indiana through any state funded or state operated program to enter into a rebate agreement with the department that requires rebate payments to be made to the state for the Rx program each calendar quarter. Authorizes the state department to negotiate the amount of the rebate required from a manufacturer or labeler. Requires the rebate to take effect not later than January 1, 2002. Imposes prior authorization requirements on manufacturers and labelers that do not enter into rebate agreements with the state. Establishes a formula for the state to use in calculating discount prices for drugs covered by the rebate agreement. Requires a retail pharmacy to sell the drugs covered by the Rx program to participants in the program at the discounted price determined by the state department beginning July 1, 2002. Establishes a procedure for resolving discrepancies in rebate amounts. Establishes the Rx dedicated fund, consisting of: (1) revenue from manufacturers and labelers who pay rebates; and (2) appropriations or allocations to the fund. Establishes an emergency prescription drug pricing program to become effective not later than January 1, 2005, that allows the state department to set maximum retail prices for any or all prescription drugs sold in Indiana if the average cost for one or more prescription drugs under the Rx program is not reasonably comparable to the average lowest cost of each drug paid by any purchaser.

Effective Date: July 1, 2001.

Explanation of State Expenditures: *As of the above date, the fiscal analysis of this bill has not been completed. Please contact the Office of Fiscal and Management Analysis for an update of this fiscal impact statement.*

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources: